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March 18, 2014

**BY HAND DELIVERY AND ECFS**

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554

Kris Monteith  
Chief, Consumer and Governmental Affairs Bureau  
TRS Certification Program  
Federal Communications Commission  
Washington, DC 20554

**Re: Sorenson Communications, Inc. Application for Special Temporary Authority, and Request for Confidential Treatment Pursuant to 47 C.F.R. §§ 0.457 and 0.459; Structure and Practices of the Video Relay Service Program, CG Docket No. 10-51**

Dear Ms. Dortch and Ms. Monteith:

Pursuant to Sections 0.457 and 0.459 of the Commission's rules,<sup>1</sup> Sorenson Communications, Inc. ("Sorenson"), as debtor and debtor-in-possession,<sup>2</sup> respectfully requests that the Commission accord confidential treatment to the enclosed Application for Special Temporary Authority, which is attached as Exhibit A in confidential form and as Exhibit B in redacted form. An original and one copy of each are attached. Sorenson is also filing an electronic copy of the redacted version via ECFS.

Sorenson requests pursuant to Sections 0.457 and 0.459 of the Commission's rules, 47 C.F.R. §§ 0.457, 0.459, that the Commission withhold from any future public inspection and accord confidential treatment to the highly confidential, business sensitive information contained in the Annual Update and its exhibits, including: numbers of subscribers; details of training

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<sup>1</sup> 47 C.F.R. §§ 0.457 and 0.459.

<sup>2</sup> On March 3, 2014, Sorenson and its affiliated entities: Allied Communications, Inc.; CaptionCall, LLC; SCI Holdings, Inc.; Sorenson Communications Holdings, LLC; Sorenson Communications of Canada, ULC; and Sorenson Holdings, Inc. filed for bankruptcy in the United States Bankruptcy Court for the District of Delaware. *See In re Sorenson Communications, Inc. et al.*, Case No. 14-10454.

provided to communications assistants; call-handling capacity; internal compliance communications; contact information for Sorenson employees; data related to the number of employees involved in TRS operations; descriptions of the technology and equipment used to support Sorenson's call center functions; identities of entities with ownership interests; descriptions of Sorenson's ownership structure; names of Sorenson's executives, officers and board members; sponsorship agreements; and descriptions of Sorenson's complaint procedures (collectively, the "Confidential Information"). All of the Confidential Information has been redacted from the version attached as Exhibit B and filed electronically.

The Confidential Information constitutes highly sensitive commercial information that falls within Exemption 4 of the Freedom of Information Act ("FOIA"). Exemption 4 of FOIA provides that the public disclosure requirement of the statute "does not apply to matters that are . . . (4) trade secrets and commercial or financial information obtained from a person and privileged or confidential." 5 U.S.C. § 552(b)(4). Because Sorenson is providing commercial information "of a kind that would not customarily be released to the public" in accordance with the application requirements in Section 64.606 of the Commission's rules, this information is "confidential" under Exemption 4 of FOIA. *See Critical Mass Energy Project v. NRC*, 975 F.2d 871, 879 (D.C. Cir. 1992).

The Confidential Information related to individual employees also constitutes personally identifiable information that could, if disclosed, jeopardize the safety of the employees involved. This information merits confidential treatment under FOIA Exemptions 6 and 7(C), which protect information that "could reasonably be expected to constitute an unwarranted invasion of personal privacy" and that "would constitute a clearly unwarranted invasion of personal privacy." 5 U.S.C. § 552(b)(6), (7)(C); *see also Dep't of State v. Wash. Post Co.*, 456 U.S. 595, 601-02 (1982).

In support of this request and pursuant to Section 0.459(b) of the Commission's rules, Sorenson hereby states as follows:

**1. Identification of the Specific Information for Which Confidential Treatment Is Sought (Section 0.459(b)(1))**

Sorenson seeks confidential treatment with respect to the Confidential Information—all of which has been redacted from the version attached as Exhibit B and filed electronically.

**2. Description of the Circumstances Giving Rise to the Submission (Section 0.459(b)(2))**

Sorenson is submitting the attached application for Special Temporary Authority, pursuant to a request by Commission staff.

**3. Explanation of the Degree to Which the Information Is Commercial or Financial, or Contains a Trade Secret or Is Privileged (Section 0.459(b)(3))**

The information described above is protected from disclosure for two reasons. First, the Confidential Information constitutes highly sensitive information about Sorenson's operations, costs, and strategic decisions, including as they relate to staffing, call center operation, redundancy and the ability to manage variable call volumes. This information constitutes highly sensitive commercial information "which would customarily be guarded from competitors." 47 C.F.R. § 0.457. Second, the Confidential Information related to individual employees constitutes personally identifiable information that could, if disclosed, jeopardize the safety of the employees identified. Disclosure of this information would result in an unwarranted privacy breach.

**4. Explanation of the Degree to Which the Information Concerns a Service that Is Subject to Competition (Section 0.459(b)(4))**

The Internet-based Telecommunications Relay Services market is highly competitive throughout the United States.

**5. Explanation of How Disclosure of the Information Could Result in Substantial Competitive Harm (Section 0.459(b)(5))**

Disclosure of the Confidential Information would result in two kinds of harm. First, disclosure would provide Sorenson's competitors with sensitive insights related to Sorenson's operations, costs, and strategic decisions—all of which would work to Sorenson's severe competitive disadvantage. Second, disclosure of information related to specific employees would result in privacy breaches that would impact the safety of those employees directly.

**6. Identification of Any Measures Taken to Prevent Unauthorized Disclosure (Section 0.459(b)(6))**

Sorenson does not make the Confidential Information publicly available.

**7. Identification of Whether the Information Is Available to the Public and the Extent of Any Previous Disclosure of the Information to Third Parties (Section 0.459(b)(7))**

Sorenson does not make the Confidential Information publicly available.

Sincerely,



John T. Nakahata  
Randall W. Sifers  
Stephen W. Miller  
*Counsel to Sorenson Communications, Inc.,  
Debtor and debtor-in-possession*

Attachments

cc: Robert Aldrich (email)  
Eliot Greenwald (email)  
Gregory Hlibok (email)  
Sally Stone (email)  
Karen Peltz Strauss (email)

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554

In the Matter of )  
)  
Structure and Practices of the Video Relay ) CG Docket No. 10-51  
Service Program )  
)

**SORENSEN COMMUNICATIONS, INC.**  
**APPLICATION FOR SPECIAL TEMPORARY AUTHORITY**

Sorenson Communications, Inc. (“Sorenson”), as debtor and debtor-in-possession,<sup>1</sup> hereby seeks special temporary authority (“STA”) from the Federal Communications Commission (“FCC” or “Commission”) for Sorenson to continue to provide uninterrupted video relay service (“VRS”) and Internet Protocol Captioned Telephone Service (“IP CTS”) and to continue to be eligible to receive compensation from the Interstate Telecommunications Relay Service Fund (the “TRS Fund”) under the new ownership and structure described herein. The STA is requested for the period beginning on the Effective Date of the Debtors’ joint prepackaged chapter 11 plan (the “Plan”) until the adjudication of Sorenson’s pending application for permanent certification as a provider of Internet-based telecommunications relay service (“iTRS”), as it will be amended, a draft of which is attached as Exhibit C. Sorenson understands and agrees that the grant of the STA is subject to the condition that Sorenson file the

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<sup>1</sup> On March 3, 2014, Sorenson and its affiliated entities Allied Communications, Inc.; CaptionCall, LLC; SCI Holdings, Inc.; Sorenson Communications Holdings, LLC; Sorenson Communications of Canada, ULC; and Sorenson Holdings, Inc. (collectively, the “Debtors”) filed for bankruptcy in the United States Bankruptcy Court for the District of Delaware (collectively, the “Debtors”). *See In re Sorenson Communications, Inc. et al.*, Case No. 14-10454; *see also* Letter from Mark D. Davis, Counsel for Sorenson Communications, Inc., to Marlene H. Dortch, Secretary, FCC, CG Docket Nos. 10-51 and 03-123 (Mar. 5, 2014) (making a Substantial Change Notification).

attached amended application in substantially similar form, with any necessary updates, within 15 days after the date the Plan becomes effective in accordance with its terms (the “Effective Date”). The FCC staff has informally requested that Sorenson obtain an STA before implementing the Plan and emerging from bankruptcy.<sup>2</sup> In order for the Bankruptcy Court to have regulatory certainty as it proceeds with the confirmation process, it is important that the STA be granted well in advance of the confirmation hearing, which is currently scheduled for April 10, 2014.

Grant of this STA is in the public interest because it will enable Sorenson and all other Debtors to continue operations to serve their approximately **\*\*BEGIN CONFIDENTIAL\*\*** **██████████** **\*\*END CONFIDENTIAL\*\*** VRS subscribers and approximately **\*\*BEGIN CONFIDENTIAL\*\*** **██████████** **\*\*END CONFIDENTIAL\*\*** hard-of-hearing or deaf IP CTS subscribers with their TRS service of choice.

## **I. INTRODUCTION AND BACKGROUND**

Headquartered in Salt Lake City, Utah and employing approximately 6,800 people in the United States and Canada, Sorenson is the leading provider of innovative telecommunications products and services for deaf and hard-of-hearing individuals. Sorenson’s VRS allows a deaf, hard-of-hearing, or speech-impaired individual with, most commonly, a Sorenson-provided videophone and an end-user provided Internet connection, to use American Sign Language to communicate by telephone with a hearing individual through one of Sorenson’s interpreters. The interpreter simultaneously interprets and communicates between the user and the hearing individual on the other end of the call. Sorenson’s IP CTS service allows eligible individuals

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<sup>2</sup> The Plan and STA assume, without conceding, that such prior approval is required by Commission orders and lawfully permitted under the bankruptcy laws.

who have difficulty hearing and who meet the Commission’s eligibility requirements to use a Sorenson (or affiliate)-provided telephone to communicate by telephone. The phone is connected to both the Internet and a regular phone line and allows eligible users to read captions of what the other party on the call is saying and to respond using the eligible user’s own voice. Sorenson holds a leading market share for VRS and IP CTS. Sorenson operates pursuant to an interim grant of eligibility to provide VRS and IP CTS services, and thus to be compensated by the TRS Fund.<sup>3</sup>

Title IV of the Americans with Disabilities Act, as amended, which is codified at Section 225 of the Communications Act of 1934, as amended, governs Sorenson’s business. The Commission promulgates rules and regulations under these acts. The Debtors collectively receive more than 99 percent of their gross revenues from the TRS Fund.

At the time they commenced their bankruptcy cases, the Debtors had nearly \$1.3 billion in outstanding debt, divided between the Debtors’ first lien credit facility and senior secured notes. The first lien credit facility is scheduled to mature in October 2014, and the senior secured notes mature in February 2015. In June 2013, among other things, the FCC adopted changes in standards and a schedule of reductions in compensation rates to levels that did not permit the Debtors to refinance their funded debt in the market—and thus to have sufficient cash

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<sup>3</sup> See *Structure and Practices of the Video Relay Service Program*, Second Report and Order and Order, FCC 11-118, 26 FCC Rcd. 10,898, 10,922, ¶ 59 (2011) (granting interim eligibility for “any iTRS provider currently eligible to receive compensation directly from the TRS Fund via a means other than Commission certification,” to expire “(1) 35 days after this application deadline, in the event no application is timely filed; (2) 35 days after Commission dismissal or denial of the application for certification in the event of Commission dismissal or denial; or (3) upon Commission grant of the application for certification in the event of Commission grant”). Sorenson, which formerly operated under contract with the State of Utah’s FCC certified TRS program, timely filed its Certification Application on December 2, 2011, and updated that application on December 3, 2012, December 3, 2013, and on February 28, 2014.

to pay the principal balances on their funded debt as such amounts become due—despite the Debtors’ productivity improvements and expense reductions. Accordingly, on March 3, 2014, after negotiations between the Debtors, holders of approximately 85 percent in outstanding face value of the senior secured notes and the Debtors’ primary equity holders, the Debtors commenced their chapter 11 cases and filed the Plan in order to implement the agreed-upon reorganization.

**A. RESTRUCTURING PLAN**

The proposed Plan will extinguish prior equity interests, result in the issuance of new equity interests, principally to entities that formerly were holders of the senior secured notes, and adopt a new debt structure with greater flexibility that does not mature until approximately 2020 or 2021. The Plan provides, among other things, that the Debtors will: (a) enter into a first lien exit facility, which will be backstopped by certain senior secured note holders or their affiliates and, potentially, a first lien revolving credit facility; (b) repay in full the existing first lien credit facility; (c) exchange existing senior secured notes for a combination of new notes, new equity, and cash; and (d) exchange existing equity for a combination of new notes and new equity. The current holders of senior secured notes will own 87 percent of the reorganized ultimate parent company (“New Holdco”). Holders of existing first lien credit facility claims are unimpaired under the Plan, as are general unsecured creditors—that is, such creditors will be paid in full. The restructuring contemplated by the Plan will improve the Debtors’ ability to service their indebtedness and will permit the Debtors to pay down their indebtedness on an extended time frame, as the new first and second lien debt issued under the Plan will mature in 2020 and 2021, respectively. This financial restructuring will also afford the Debtors the runway they need to adjust their businesses to address the regulatory changes that have reshaped their industry and

engage in discussions with the FCC regarding stabilizing the industry. The Debtors expect operations to continue as usual during the chapter 11 process, which is expected to be concluded by mid- to late-April 2014. As discussed further below, the Debtors expect that, as a result of the Plan, the reorganized Debtors will be able to continue to offer VRS and IP CTS service in compliance with the applicable mandatory minimum standards.

As shown in Exhibit B, the financial projections submitted by the Debtors to the Bankruptcy Court show that, upon the Effective Date, the Debtors will have sufficient financial capacity to operate during the period of the STA and through the term of a five-year iTRS authorization.

**B. REORGANIZED CORPORATE STRUCTURE AND CONTROL**

Following the Effective Date, the reorganized Debtors will have the post-petition corporate structure set forth in Exhibit A, attached. Under this corporate structure, Sorenson remains the eligible VRS and IP CTS provider. Sorenson will be under the indirect control of two owners (“Control Parties”). Specifically, certain investment funds for which Franklin Mutual Advisers, LLC acts as investment advisor (“Franklin”), and certain funds managed or sub-advised by GSO Capital Partners, L.P., (“GSO”), will hold, in the aggregate, at least 10 percent of the equity interest in New Holdco, which will indirectly own 100 percent of Sorenson.

GSO will hold an equity interest in New Holdco of approximately **\*\*BEGIN**

**CONFIDENTIAL\*\*** [REDACTED]

[REDACTED] **\*\*END CONFIDENTIAL\*\*** and

Franklin will hold an equity interest in New Holdco of approximately **\*\*BEGIN**

**CONFIDENTIAL\*\*** [REDACTED] **\*\*END CONFIDENTIAL\*\***. There are no other entities or persons

that will hold a direct or indirect equity interest in Sorenson of 10 percent or greater as of the Effective Date of the Plan, and no other entities will exercise control of Sorenson.

**C. COMPLIANCE WITH MANDATORY MINIMUM STANDARDS**

By offering consumers cutting-edge equipment and applications, and by staffing its 111 call centers (103 VRS and 8 IP CTS) with highly skilled communications assistants, Sorenson has demonstrated its commitment to working closely with the deaf and hard-of-hearing community to ensure that communications services continue to meet their needs. Since 2003, Sorenson has provided its award-winning iTRS offerings, which have earned a reputation for quality, reliability, and efficiency. Indeed, Sorenson has established a proven record of meeting and exceeding the Commission’s minimum standards, and it continues to set the pace among iTRS providers with respect to robust internal compliance systems and efforts to combat fraud. By virtually any measure, Sorenson has proven itself to be the industry leader in terms of service quality, equipment innovations, efficiency, ease-of-use, fraud prevention, and consumer responsiveness.

Following the restructuring, under the control of the Control Parties, Sorenson will continue to provide service in accordance with the applicable mandatory minimum standards applicable to the particular TRS service, as set forth in the TRS rules (and as may be modified by, for example, grant of any pending or subsequent waiver request<sup>4</sup>), and to comply with all

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<sup>4</sup> Sorenson notes that there are pending requests to waive the speed-of-answer requirements, which, in effect, constitute an industry-wide waiver request. *See* Petition for Waiver of ASL Services Holdings, LLC, CG Docket Nos. 10-51 and 03-123 (filed Oct. 24, 2013); Supplement of ASL Services Holdings, LLC, CG Docket Nos. 10-51 and 03-123 (filed Nov. 4, 2013); Letter from Jeff Rosen, General Counsel, CSDVRS, LLC, *et al.*, to the Honorable Tom Wheeler, Chairman, FCC, *et al.*, CG Docket Nos. 03-123 and 10-51 (filed Dec. 6, 2013) (“Collective Providers Letter”); Letter from Monica S. Desai, Counsel to Purple Communications, Inc., to Marlene H. Dortch, Secretary, FCC, CG Docket Nos. 03-123, 10-51 and 13-24 (filed Dec. 24, 2013); Letter from Claude L. Stout, Executive Director, Telecommunications for the Deaf and

other applicable TRS rules, orders and consent decrees. Sorenson, and each of the other Debtors, further understand and agree that violations of any applicable mandatory minimum standards will be addressed through existing Commission procedures.

**II. EXTRAORDINARY CIRCUMSTANCES REQUIRE GRANT OF SPECIAL TEMPORARY AUTHORITY**

Sorenson submits that extraordinary circumstances warrant grant of its request for special temporary authority. Sorenson is the industry-leading provider of communications services and products designed to enable deaf and hard-of-hearing individuals to communicate with the hearing world, serving approximately **\*\*BEGIN CONFIDENTIAL\*\*** [REDACTED] **\*\*END CONFIDENTIAL\*\*** VRS subscribers. Any delay in promptly granting this request will be highly disruptive and seriously prejudice the public interest because no other TRS provider has sufficient capacity to provide uninterrupted VRS service at the same performance levels as Sorenson. In addition, Sorenson is a leading provider of IP CTS services. Failure to grant this STA could render Sorenson ineligible to continue to be compensated on a go-forward basis, which could in turn jeopardize the Debtors' ability to implement the Plan and successfully emerge from bankruptcy. Sorenson has previously informed the Commission staff of the circumstances described herein, in accordance with Commission rules and policies. In consideration of the foregoing, Sorenson submits that grant of special temporary authority is justified and requests that it be promptly granted.

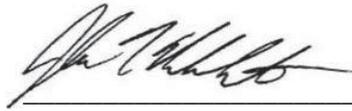
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Hard of Hearing, Inc., to Marlene H. Dortch, Secretary, FCC, CG Docket Nos. 03-123 and 10-51 (filed Dec. 28, 2013) ("Consumer Groups Letter"). Sorenson's certification herein regarding compliance with mandatory minimum standards is made subject to the Commission's action on the pending speed-of-answer waiver request.

**III. CONCLUSION**

For the foregoing reasons, Sorenson respectfully requests the prompt grant of its application for STA to continue to operate pursuant to interim eligibility, notwithstanding the change of control as contemplated by the Debtors' Plan, pending adjudication of an amended application for permanent certification as a provider of iTRS to be filed within 15 days after the Effective Date.

Respectfully submitted,



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March 18, 2014